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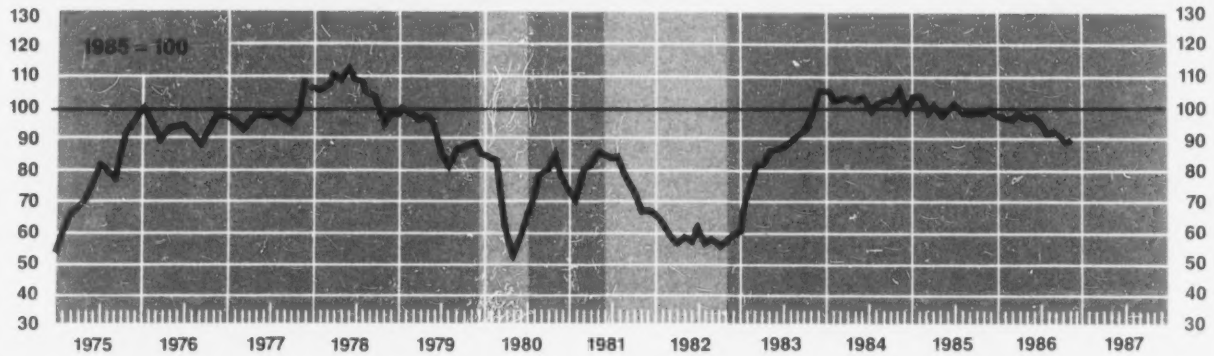
Consumer Attitudes and Buying Plans

A Monthly Report from The Conference Board
Based on a Survey Conducted by NFO Research, Inc.

Consumer Confidence Index

December, 1986



CONSUMER CONFIDENCE STEADY BUYING PLANS DOWN

The measure of consumer confidence (1985 = 100) registered 89.6 in November—substantially the same reading as the month before. However, plans to buy homes and cars were down sharply.

Consumer confidence has been declining through most of this year. While month-to-month changes have been small, they have aggregated to a substantial decline. As compared to a year ago, the confidence index has lost some ten points. In the latest survey, the consumers' assessment of the ongoing situation is less positive than previously. Fewer people than last time now say that business is "good", and fewer report that jobs are "plentiful".

In looking ahead six months, consumers are marginally more optimistic than a month ago. Fewer respondents now fear that business conditions will worsen in the period ahead. On the employment outlook, opinion remains unchanged. However, in evaluating their income prospects, slightly fewer persons than in the prior survey now expect their fortunes to improve in the months to come.

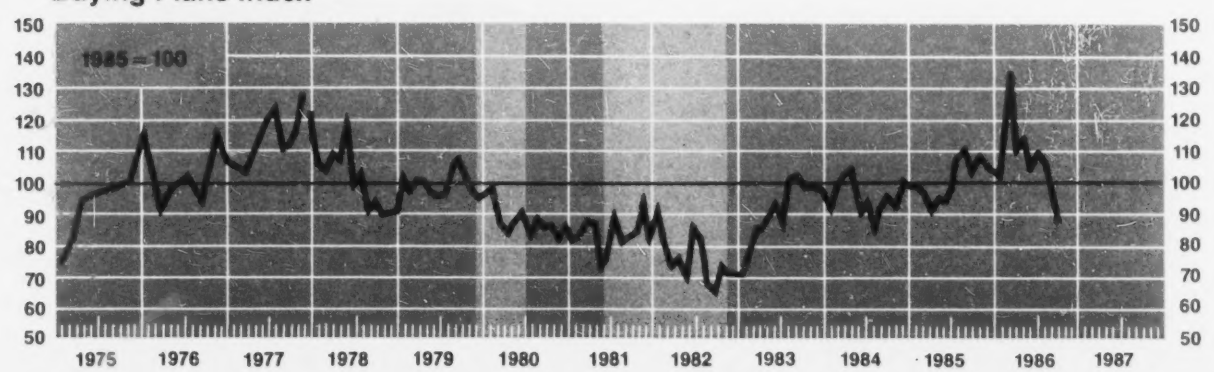
Intentions to purchase automobiles, which were exceptionally high earlier in the year when the industry conducted extensive promotions, have declined substantially. In the latest probe, 6.9% of all those contacted said that they would purchase a car in the next six months, down from 7.6% in October, and 8.8% in September.

Home buying plans have also dropped substantially over the past six or seven months. In November, 3.0% of all survey participants planned to purchase a home, down from 4.0% in October. About 28% of all respondents indicated an interest in purchasing a major appliance. This reading has remained the same now for the past three months.

The level of consumer confidence has been drifting lower for over a year. The aggregate loss is now fairly large, but still not so large as to suggest serious trouble ahead. Historically, a reading of about 80 (1985 = 100) in the "expectations" series signals recession. The series is still well above that level. As we move into the new year, consumer sentiment suggests that GNP growth is not likely to accelerate significantly from its recent uninspiring level. Nor are there indications that the economy is heading for trouble. Still, the indecisive signals from the consumer over so long a period are slightly unnerving.

Fabian Linden

Buying Plans Index



All data seasonally adjusted

Consumer Expectations and Intentions

Based on surveys conducted by NFO Research, Inc.

Percentage of all households = 100%

All series seasonally adjusted	1985 Nov.	1985 Dec.	1986 Jan.	1986 Feb.	1986 Mar.	1986 Apr.	1986 May	1986 June	1986 July	1986 Aug.	1986 Sept.	1986 Oct.(r)	1986 Nov.(p)
Composite Series: Index Numbers, 1985 = 100													
Consumer Confidence Index	98.7	99.8	97.8	96.9	96.9	99.0	97.2	97.2	95.5	90.6	92.8	89.2	89.6
Present Situation	99.7	101.3	100.4	97.8	95.0	100.7	100.2	97.6	96.0	87.6	92.2	87.8	84.8
Expectations	98.1	98.8	96.0	96.3	98.1	97.8	95.2	97.0	95.2	92.6	93.1	90.1	92.9
Buying Plans Index	101.2	108.8	105.6	103.9	101.9	135.3	108.9	114.4	103.7	109.7	105.8	99.4	87.7
Appraisal of Present Situation: Percent													
Business Conditions													
Good	27.4	28.7	27.3	26.4	26.5	29.5	28.4	28.4	25.7	22.7	25.1	24.9	22.6
Bad	21.3	21.0	21.8	21.8	22.9	23.1	22.6	23.4	23.8	25.7	27.1	26.7	27.5
Normal	51.3	50.3	50.9	51.8	50.6	47.4	49.0	48.2	50.5	51.6	47.8	48.4	49.9
Employment													
Jobs plentiful	19.5	19.7	19.6	18.8	19.6	20.4	20.6	19.8	20.7	19.1	20.7	19.3	18.8
Jobs not so plentiful	49.6	49.6	50.7	50.8	46.8	48.4	47.9	48.0	46.5	46.5	46.0	44.7	45.9
Jobs hard to get	30.9	30.7	29.7	30.4	33.6	31.2	31.5	32.2	32.8	34.4	33.3	36.0	35.3
Expectations for Six Months Hence: Percent													
Business Conditions													
Better	19.9	19.7	18.1	18.4	20.6	22.8	20.0	20.9	19.9	19.9	20.2	19.0	18.4
Worse	9.1	8.5	8.7	8.4	9.1	11.3	10.0	9.4	10.4	10.5	10.0	11.9	9.0
Same	71.0	71.8	73.2	73.2	70.3	65.9	70.0	69.7	69.7	69.6	69.8	69.1	72.6
Employment													
More jobs	15.2	15.5	13.6	14.2	15.8	17.2	15.4	16.9	16.1	15.9	16.5	14.4	14.7
Fewer jobs	17.3	16.1	16.8	16.8	17.7	19.5	18.7	18.8	18.8	19.8	19.4	18.9	18.7
Same	67.5	68.4	69.6	69.0	66.5	63.3	65.9	64.3	65.1	64.3	64.1	66.7	66.6
Income													
Increase	29.8	26.7	28.2	26.6	25.8	30.7	27.3	26.9	26.8	25.8	24.3	23.8	23.1
Decrease	7.9	8.4	7.7	8.2	7.4	7.5	8.2	8.8	8.1	9.4	10.0	8.4	8.6
Same	62.3	64.9	64.1	65.2	66.8	61.8	64.5	64.3	65.1	64.8	65.7	67.8	68.3
Plans to Buy Within Six Months: Percent													
Automobile													
Yes	9.1	10.2	9.0	8.8	8.9	11.4	9.6	9.6	8.9	8.7	8.8	7.6	6.9
New	5.3	5.4	5.1	4.4	4.7	5.9	5.8	5.3	4.9	5.1	5.2	4.3	3.4
Used	2.8	3.3	2.9	2.8	3.0	3.9	2.7	3.9	3.2	2.9	2.4	2.3	2.5
Uncertain	1.0	1.5	1.0	1.6	1.2	1.6	1.1	0.4	0.8	0.7	1.2	1.0	1.0
Home													
Yes	3.8	3.9	3.7	4.2	4.1	5.0	4.8	4.7	4.4	4.0	4.4	4.0	3.0
New	0.8	0.9	1.3	1.0	1.3	1.4	1.2	1.3	1.0	1.4	1.2	1.1	0.8
Lived in	1.9	2.1	2.0	2.0	2.1	2.2	2.1	2.1	2.3	1.9	2.3	1.7	1.7
Uncertain	1.1	0.9	0.4	1.2	0.7	1.4	1.5	1.3	1.1	0.7	0.9	1.2	0.5
Major appliances													
Total plans	28.5	29.8	34.5	30.2	27.8	43.4	28.6	28.2	27.6	33.1	28.0	28.6	27.8
Refrigerator	3.9	4.4	5.8	4.3	3.9	6.5	3.9	4.2	4.4	5.3	4.0	5.4	4.7
Washing machine	3.7	3.8	4.9	4.3	4.1	7.2	4.1	3.8	4.3	4.9	4.0	4.2	4.0
TV Set	8.8	9.2	9.8	9.2	8.3	13.5	7.6	7.1	7.3	7.7	7.1	6.4	6.7
Vacuum Cleaner	5.1	4.9	5.7	4.4	4.9	5.7	5.4	4.8	3.8	5.5	4.7	4.5	4.7
Range	2.7	3.0	3.0	2.5	2.0	3.8	2.8	2.9	2.7	3.3	3.1	3.0	3.4
Clothes dryer	2.9	3.1	3.8	3.4	3.5	5.0	3.4	3.4	3.5	3.6	3.5	3.1	3.1
Air conditioner	1.4	1.4	1.5	2.1	1.1	1.7	1.4	2.0	1.6	2.8	1.6	1.6	1.2
Carpet	6.7	6.6	7.3	6.9	7.0	9.1	6.6	8.0	6.5	7.5	7.0	7.6	6.6
Vacation Intended Within Six Months: Percent													
Vacation Intended		44.7		47.0		51.2		51.6		50.3		48.4	
Destination													
Home state		8.0		9.2		10.9		11.7		11.1		9.2	
Other state		32.2		31.9		35.5		36.1		35.4		34.4	
Foreign country		5.9		7.4		7.1		5.4		6.0		6.3	
Means of travel													
Automobile		26.1		28.2		31.4		33.8		31.4		28.8	
Airplane		18.3		18.1		20.4		18.1		19.4		18.0	
Other		4.5		5.0		4.6		3.9		3.8		4.0	

(p)—preliminary (r)—revised

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